

Chapter 11

Appraisal Requirements

Overview

Introduction This chapter contains information about appraisal requirements.

In this chapter This chapter contains the following topics.

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11.01 Using This Information

Appraisers	This topic describes the requirements that must be followed in appraising property for VA loan guaranty purposes.
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Lenders	Lenders with LAPP (Lender Appraisal Processing Program) authority must use the information in this chapter when reviewing the work of VA fee appraisers. This information will also help lenders without LAPP authority to understand appraisal reports and VA-issued Certificates of Reasonable Value.

11.02 VA Reasonable Value

Definition	For VA loan guaranty purposes, the “reasonable value” of a property is that figure which represents the amount a reputable and qualified appraiser, unaffected by personal interest, bias or prejudice, would recommend to a prospective purchaser as a proper price or cost in the light of prevailing conditions.
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“Reasonable” vs. “Market” Value	VA considers reasonable value and market value to be synonymous. VA’s definition of market value is consistent with that used by Fannie Mae, Freddie Mac and major appraisal organizations.

11.03 VA Appraisal Requirements

General Requirements

Every VA appraisal must

- be performed in a timely manner
 - conform to USPAP (Uniform Standards of Professional Appraisal Practice), and
 - meet the additional requirements (as outlined in this chapter) that VA considers to be supplemental to USPAP.
-

Timeliness

Appraisal Requesters must notify the fee appraiser on the same day as the appraisal assignment is made by VA (See Section 10.04, Step 3).

Fee appraisers must complete VA assignments as quickly as appraisals for conventional loans are completed in the area where the property is located. An exception may be allowed in a particular case if

- valid extenuating circumstances are documented, and
- VA (or the lender's staff appraisal reviewer in LAPP cases) is notified by the appraiser.

VA offices will consider adding appraisers to the fee panel in areas where it consistently takes lenders longer to obtain a VA appraisal than a complete conventional appraisal.

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11.03 VA Appraisal Requirements, Continued

USPAP

Every VA appraisal must meet the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a complete appraisal, but may be issued as either a self-contained Appraisal Report or a Summary Appraisal Report.

There are potential exceptions:

- VA prior approval is required for the extremely rare case in which a “restricted” appraisal is justified.
- With the exception of liquidation appraisal updates, VA prior approval is required for any case in which the USPAP departure rule is used.
- The USPAP jurisdictional exception permits Federal agencies to follow their own requirements when there is a conflict between USPAP and Federal agency requirements.

**Sales Price
Accommod-
ation
Prohibited**

Any appraisal which is not based on recognized appraisal practices in order to “accommodate” the sale price is unacceptable and will result in VA disciplinary action.

**Appraisal
Tasks Not to be
Delegated**

The fee appraiser assigned by VA must personally

- view the interior and exterior of the subject property and the exterior of each comparable
- select and analyze the comparables
- make the final value estimate, and
- sign the appraisal report as the appraiser.

**Appraisal
Assistance**

If the appraiser assigned by VA relied on significant professional assistance in performing the appraisal or in preparing the appraisal report (except as prohibited above) the name of that individual and the specific tasks he/she performed must be shown in the “Reconciliation” section of the appraisal report. An assistant may sign the report (as an assistant) to document qualifying experience for future licensing/certification purposes.

11.04 Appraisal Report Contents

Required Items Every VA appraisal report must include

- a properly completed (according to the requirements in this Chapter) appraisal report form on either:
 - Uniform Residential Appraisal Report (URAR), Freddie Mac Form 70/Fannie Mae Form 1004, unless the property is a condominium unit or is income-producing (more than one living unit).
 - Individual Condominium Unit Appraisal Report, Freddie Mac Form 465/Fannie Mae Form 1073, if the property is a condominium unit.
 - Small Residential Income Property Appraisal Report, Freddie Mac Form 72/Fannie Mae Form 1025, if the property has two to four living units.
- A properly completed Statement of Limiting Conditions and Appraiser's Certification, Freddie Mac Form 439/Fannie Mae Form 1004B.
- A location map, showing the location of the subject and each comparable.
- A building perimeter sketch showing the "footprint" of the improvements. The calculation for the square foot size of the property must also be shown either here or in the "Comments on Cost Approach" section of the URAR.
- Photographs (See "Photograph Requirements" below).
- Any additional appraisal or repair-related information that may be needed to support the fee appraiser's conclusions. (The appropriate areas on a computer-generated URAR can be expanded to include such information, provided the standard sequence of the URAR instructions, information entries, etc. does not change and the "Sales Comparison Analysis" does not appear on two separate pages.)
- The appraisal request (VA Form 26-1805) provided by the appraisal requester. The appraiser must confirm, and correct if necessary, all information provided by the appraisal requester, which is pertinent to the value estimate.

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11.04 Appraisal Report Contents, Continued

Photograph Requirements

In proposed construction cases, a front view photograph of each comparable is required but photographs of the subject property are not required if there are no improvements under construction.

If the property is in a condominium more than three units high, no photographs of the comparables are required, provided they are located in the same project as the subject property and are substantially identical to the subject property.

In all other cases, each appraisal report requires:

- one set of original photographs of the subject property (two sets in LAPP cases) showing a front and back view (preferably including a different side view in each photograph) and the street scene, and
- one set of original photographs of each comparable. Only a front view of the comparables is required.

There are two alternatives to submitting original photographs:

- Computer-generated pictures are acceptable, if they are of comparable quality to original photographs.
- Copies of listing service or advertising pictures are acceptable for the comparables, but **not** the subject, if they clearly depict the property.

Additional Conditions and Certifications

No limiting conditions can be made in addition to those on Freddie Mac Form 439/Fannie Mae Form 1004B.

Additional certifications required by State law or related to continuing education or membership in appraisal organizations, etc., can be made on a separate form or page, provided they do not conflict with the language on or any VA policy.

11.05 Submission of Appraisal Reports

Number of Copies	The appraiser must send two fully completed appraisal reports with all related exhibits (one original and one copy, each with a set of original photographs) to either VA or the LAPP Staff Appraisal Reviewer, as appropriate.
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Electronic Transmission	Appraisers may transmit VA appraisal reports electronically, with an electronically affixed signature, in accordance with USPAP Statement #8.
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11.06 Approaches to Value

**Sales
Comparison
Approach**

Since VA relies exclusively on the sales comparison approach to value (except in very unusual circumstances involving inadequate or no comparable sales available or an extremely unique property), the VA value estimate should never exceed that indicated by the sales comparison approach.

This approach recognizes that a well-informed purchaser will generally pay no more for a property than the cost of acquiring a similar property of equal desirability and utility without undue delay.

Cost Approach

Since the residential real estate market does not base transaction decisions on a property's reproduction or replacement cost, the cost approach to value may only be used to support the sales comparison approach in the final reconciliation.

Appraisers do not have to report the cost approach for VA purposes, unless it is applicable to the appraisal as indicated above.

**Income
Approach**

If the appraisal involves an income-producing property (more than one living unit), the appraiser will use value estimates developed through both the income approach and the sales comparison approach in the final reconciliation.

11.07 Selection and Analysis of Comparable Sales

General Requirement

The appraiser must select the three best comparable sales available and properly adjust the sales price of each one for differences between it and the subject property. The goal is for the VA value estimate to not exceed the price at which similar properties can be purchased in the current market.

The appraiser must adequately explain any reliance on sales that are not truly comparable to the subject.

Sales Price Range

If there is a wide range in comparable sales prices, the appraiser must adequately explain.

Data and Verification

A single data source is adequate if it provides quality sales data verified by closed transactions. Sales data provided by a party to the sale or financing of the subject property must be verified by a party without such an interest.

Sales Dates, Time Adjustments

Comparable sales should be recent. Although they should generally not be more than 12 months old, sales over six months old may be considered outdated in some markets.

The appraiser must adequately explain either

- reliance on outdated sales data, or
 - any time adjustment for a comparable sale date.
-

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11.07 Selection and Analysis of Comparable Sales, Continued

Location

Comparable sales should be located as close to the subject as practicable. Their proximity to the subject (such as three blocks north) must be described.

The appraiser must adequately explain any reliance on sales located either

- further from the subject than similar comparables, or
- outside of the subject's market area.

**Value
Adjustments**

Generally, good comparables require minimal adjustment for individual features and a minimal total net adjustment. The appraiser must adequately explain large adjustments.

Adjustments based on some factor other than market reaction (for example, builder costs for materials, project development, etc.) are not acceptable.

11.08 Other Market Analysis Considerations

**Sales or
Financing
Concessions**

The appraiser must report

- in the “Neighborhood” section of every URAR or on an addendum, the prevalence of sales or financing concessions (for example, interest rate buy-downs, inclusion of non-realty items in the transaction, seller payment of any buyer closing costs, etc.).
 - if any of the comparable sales involved such concessions, the concession’s effect (if any) on the comparable sales price (when such information is reasonably ascertainable). In doing so, the appraiser should consider
 - that the effect of financing/sales concessions can vary in different locales
 - that the amount of any adjustment should generally be based upon the real estate market reaction to the concession, and not on the dollar-for-dollar cost of the concession(s) to the seller, and
 - in proposed construction cases, closed sales by the same builder, sales in competitive subdivisions and resales of similar existing properties.
-

**Housing Supply
and Demand**

In every case, the appraiser must

- consider the supply and demand for available housing in the subject market area, and
 - report, either in the “Neighborhood” section of the URAR or on an addendum, the average listing price to sale price ratio for the subject market area. Professional judgment must be used to estimate that ratio if it cannot be determined from available data sources.
-

**Marketing
Time and
Trend**

In every case, the appraiser must

- consider the marketing time trend (increasing or decreasing) in the subject market area, and
 - report, either in the “Neighborhood” section of the URAR or on an addendum, the extent of increase or decrease in the average marketing time (listing period) in that market area (for example, “In the last 3 months, the listing period in the subject’s market area decreased from 180 to 90 days.”)
-

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11.08 Other Market Analysis Considerations, Continued

Sales Listings and Contract Offers

In every case, the appraiser must

- analyze sales listings, contract offers and unsettled sales to determine if market conditions changed between the date each comparable sold and the date of the subject property appraisal

This is especially important in markets with rapidly increasing or decreasing values. If the subject property is in a new subdivision, the analysis must include the builder's closed sales, sales in competitive subdivisions and sales of similar existing properties.

- certify, either in the "Neighborhood" section of the URAR or on an addendum, "I have considered relevant competitive listings/contract offerings in performing this appraisal, and any trend indicated by that data is supported by the listing/offering information included in this report."
- provide a listings/offers addendum if either
 - a time adjustment is made in the "Sales Comparison Analysis" section, or
 - a significant market transition is indicated in the "Neighborhood" section (due to changes in employment opportunity, housing supply/demand, average marketing time, seller concessions, etc.).

If an addendum is required:

- It must provide all of the following information regarding at least three competitive listings or verifiable, bona fide contract offerings considered the most similar and proximate to the subject:
 - The type of information usually found in an MLS entry or other listing.
 - How long each property has been on the market (total time listed).
 - Any change in the listing price of each property (if known).
 - A short statement comparing the property to the subject.
- Contract offerings are more desirable than listings.
- Any new construction contract must clearly identify every optional item and variation from the basic house type and any sales/financing concession included in the sales price.

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11.08 Other Market Analysis Considerations, Continued

**Sales Listings
and Contract
Offers**
(continued)

- Listings must be properly identified and may include a legible copy of a MLS entry.
- Although not required, it may be helpful to make adjustments or otherwise use a sales comparison analysis grid.

Sales listings, contract offers, and unsettled sales must not be used as comparables. If such data is clearly identified and fully explained, however, it can be used to support a time adjustment.

11.09 Minimum Property Requirements and Repairs

**Existing
Construction**

Fee appraisers are experienced observers who must view both the interior and exterior of the subject property to both

- determine its overall condition, and
- recommend any readily observable repairs necessary to make it meet the VA Minimum Property Requirements (MPRs) stated in Chapter 12.

The fee appraiser must check the “Reconciliation” section of the URAR either

- “As is” if the property meets MPRs with no repairs needed, or
- “Subject to the repairs....” if repairs are needed to make the property meet MPRs. In that situation, the appraiser must also state “Subject to the MPR repairs noted in the comments section.” under “Conditions of Appraisal” and provide an itemized list of recommended repairs or other action necessary to make the property meet MPRs in the “Comments” section under “Condition of the improvements....”

Appraisers must not recommend electrical, plumbing, heating, roofing or other inspections only as a measure of liability protection. An inspection should be recommended only if there is an indication of a particular problem.

**Proposed
Construction**

See Chapter 12.

11.10 Remaining Economic Life of Improvements

Definition	Remaining economic life is the estimated period of time until the improvements lose their ability to serve their intended purpose as a home.
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Basic Requirements	<p>For VA Loan Guaranty purposes, the remaining economic life of the security must be at least as long as the loan repayment term.</p> <p>A short remaining economic life estimate must be supportable and not arbitrarily established. This is to avoid depriving veterans of the home of their choice in an area where they can afford to live.</p>
<hr/>	
What the Appraiser Must Consider	<p>In estimating remaining economic life, the appraiser must consider</p> <ul style="list-style-type: none">• the relationship between the property and the economic stability of the block, neighborhood, and community• comparisons with homes in the same or similar areas• the need for a home of the particular type being appraised• the architectural design, style, and utility from a functional point of view• the workmanship and durability of the construction, its physical condition and probable cost of maintenance and/or repair• the extent to which other homes in the area are kept in repair, and• in areas where rehabilitation and code enforcement are operating or under consideration, their expected results in improving the neighborhood for residential use.
<hr/>	
What the Appraiser Must Report	<p>If the estimate of remaining economic life is less than 30 years, the appraiser must provide a supporting explanation, based on either known economic factors or observed physical condition.</p> <p>If the estimate of remaining economic life is 30 years or more, the appraiser must state the estimate at its maximum (for example, 40 years).</p>

11.11 Proposed Construction

Appraiser Certification Required

Every proposed construction appraisal must include the following certification:

“I hereby certify that the information contained in ____ [specific identification of all construction exhibits (e.g., Smith Construction Plan Type A, 9 sheets, [VA Form 26-1852](#), plot plan by Jones, Inc.)] was used to arrive at the estimate of reasonable value noted in this report. ____ [appraiser’s signature] ____”

“Master” Appraisal Reports

Each “master” appraisal must include

- separate Uniform Residential Appraisal Report (URAR) completed for each basic house type in the appraisal
- narrative analysis of the project to include:
 - current status of project (development stage, number of sales, etc.)
 - status of off-site improvements (streets, common area improvements, etc.)
 - any condominium/planned unit development-related or other information not sufficiently covered in the URAR.
- list of all options with the value estimate for each one (see below)
- list of all offsite improvements included in the value estimate, and
- list of all lots/units, to include:
 - each lot number or legal description
 - value estimate for each lot (according to its relative size and desirability), and
 - total value estimate for each lot and the basic improvements to be built on it (or a schedule which provides for the substitution of models on individual lots).

Valuing “Options”

“Options” are items of equipment and variations from the basic house type (such as, kitchen appliances, fireplace, building elevation variations, etc.) not included in the base price of the house.

Personal-type items (such as, blenders, fireplace equipment, furniture, drapes, rugs, etc.) cannot be included in the VA valuation.

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11.11 Proposed Construction, Continued

**Valuing
“Options”**
(continued)

VA value estimates for options

- must be based on real estate market data (that is, what do they contribute to the home’s basic value). Cost handbook data can only be used to supplement insufficient market data, and
- generally, should not vary considerably from one subdivision to another in the same real estate market.

VA will consider requests to increase the established value of options and make appropriate changes if warranted by sufficient and valid market data.

11.12 Other Property Types and Situations

**Manufactured Homes
Classified as
Real Estate**

The appraiser must enter the manufactured home unless it is both

- new, and
- has not been delivered to the dealer or to the site.

If other manufactured homes on permanent foundations are not available for use as comparables, the appraisal report must

- state that fact, and
- show in the market analysis grid that the sales prices of the best conventional home sales available were properly adjusted.

Reference: See

- Section 10.05, and
 - Section 12.10.
-

**Property to be
Altered/
Improved/
Repaired**

When the purpose of the VA loan is to make alterations, improvements or repairs costing in excess of \$3,500, the appraiser must estimate reasonable value both on an “as is” and an “as repaired” basis and disclose the full extent of the work to be done.

**Partial Release
of Loan
Security**

If an appraisal is required per Section 10.05, the appraisal report will estimate the reasonable value of

- the whole property on an “as is” basis, and
 - that portion of the property which will remain as security if the release is approved.
-

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11.12 Other Property Types and Situations, Continued

**PUDs and
Condos**

The appraisal report must

- show the amount of the current monthly assessment
- for condominiums, indicate which utilities are/are not included, and
- comment on the adequacy of the monthly assessment, based upon the appraiser's opinion of the adequacy of the project's budget and a comparison to competitive projects. If the assessment is considered inadequate, a "fair" or "market" assessment must be recommended.

Reference: See Chapter 16 for additional information.

**Solar Energy
Systems**

For VA purposes, the value of a solar energy system must be based on real estate market data.

Reference: See Section 12.03, for solar system requirements.

**Local Housing/
Planning
Authority Code
Enforcement**

If the property is existing construction which is located in an area where specific local housing/planning authority code requirements are enforced in conjunction with the sale of homes, the appraiser's report must take into consideration.

Continued on next page

11.12 Other Property Types and Situations, Continued

**Farm
Residences**

Although VA does not make farm or other business loans, the law allows veterans to use their Loan Guaranty benefit to purchase a farm on which there is a farm residence.

The appraisal of properties with acreage should not present difficulties if a sufficient number of similar properties in the area were recently sold primarily for residential use. For VA purposes, the valuation must not include livestock, crops or farm equipment and supplies.

Installed facilities (such as, well, septic tank, etc.) serving the dwelling will be considered part of the dwelling when, in the opinion of the appraiser, such items contribute to the desirability and residential aspects of the property.

Buildings other than the dwelling will be valued on the basis of the use of the property for residential purposes only.

Continued on next page

11.12 Other Property Types and Situations, Continued

Properties Subject to Flooding

Special Flood Hazard Areas (SFHAs) are those areas in 100-year floodplains delineated on Federal Emergency Management Agency (FEMA) flood maps. SFHAs are usually designated Zones A, AO, AH, AE, A99, VO, VE, or V. Older maps use numbered A and V Zones (for example, A2, V30).

The appraiser must

- check FEMA flood map(s) for the area in which the property is located
- notify VA and the lender if the property is **not** eligible for appraisal because it is
 - proposed or new construction with the elevation of the lowest floor below the base flood level (100 year flood level). See [24 CFR 200.926d\(c\)\(4\)](#), or
 - subject to regular flooding, for whatever reason. This causes the property to not meet VA Minimum Property Requirements whether or not it is located in a SFHA.
- If the property is eligible for appraisal and located on a flood map
 - identify the map number and flood zone on the appraisal report, whether or not the property is located in a SFHA.
 - If any part of the dwelling is in a SFHA, provide appropriate information in the “Site” section of the appraisal report.
 - If a “master” appraisal, provide a list of the lots located in a SFHA.

Flood insurance is not required in Zones B, C, X, and D.

Also see “Properties in Coastal Barrier Areas” below.

[\[24 CFR 200.926d\(c\)\(4\)\]](#)

Properties in Coastal Barrier Areas

Properties located in a Coastal Barrier Resources System (CBRS) area, as delineated on a CBRS map, are not eligible as security for a VA-guaranteed loan. Affected areas include portions of the Great Lakes, Gulf coast, Puerto Rico, Virgin Islands, and the Atlantic coast.

Appraisers who work in CBRS areas must obtain the appropriate maps from the U.S. Geological Survey. Prohibited areas on the maps are those inside the solid heavy black lines.

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11.12 Other Property Types and Situations, Continued

Unvented Space Heaters Fee appraisers must report (under “Condition of the improvements....” in the “Comments” section) any permanently installed, or to be installed, unvented fireplace or other unvented space heater that uses liquid or gaseous fuel. The VA notice of value for the property will be conditioned per Chapter 13.

Properties Near Airports The appraisal report must identify any airport noise zone or safety-related zone in which the property is located.

Noise Zones are defined in decibels (db) in the table below.

Noise Zone	CNR (Composite Noise Rating)	NEF (Noise Exposure Forecast)	DNL (Day/Night Average Sound Level)
1	Under 100 db	Under 30 db	Under 65 db
2	100-115 db	30-40 db	65-75 db
3	Over 115 db	Over 40 db	Over 75 db

- Clear zones are areas of highest accident risk located immediately beyond the ends of a runway.
- Accident potential zones are beyond the clear zones but still have significant potential for accidents. Only military airports identify them.
- No existing property will be rejected because of airport influence if that property is already the security for an outstanding VA loan.

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11.12 Other Property Types and Situations, Continued

Properties Near Airports (continued)

Depending on the type of construction and the airport noise or safety-related zone involved, the following requirements also apply with regard to the appraisal and/or VA value notice:

Type Construction	Noise Zone One	Noise Zone Two	Noise Zone Three	Clear Zone	Accident Potential Zone
Proposed	A	A, B, C, D	E	F	A, C, H, I
New/Existing	A	A, D	A, D	A, C, G	A, C, I

Requirement	
A	The fee appraiser's market data analysis must include a consideration of the effect on value, if any, of the property being located near an airport.
B	Sound attenuation features must be built into the dwelling to bring the interior DNL of the living unit to 45 decibels or less.
C	Available comparable sales must indicate market acceptance of the subdivision in which the property is located.
D	The veteran must sign a statement which indicates his/her awareness that the property being purchased is located in an area near an airport and that aircraft noise may affect livability, value and marketability of the property.
E	Not acceptable as the security for a VA loan unless the project was accepted by VA before noise zone 3 contours were changed to include it. In that situation, the requirements for proposed construction in noise zone 2 must be met.
F	Not acceptable as the security for a VA loan.
G	The veteran must sign a statement which indicates his/her awareness that the property being purchased is located near the end of an airport runway and that this may have an affect upon livability, safety, value and marketability of the property.
H	The project in which the properties are located must be consistent with the recommendations found in the airport's Air Installation Compatible Use Zone (AICUZ) report.
I	The veteran must sign a statement which indicates his/her awareness that the property being purchased is located in an accident potential zone and that this may have an affect upon livability, safety, value and marketability of the property.

11.13 Liquidation Appraisals

Interior Access The lender/holder/servicer must assist the appraiser in gaining access to the property. Failure to provide such assistance may limit VA liability. However, the lender/holder/servicer may ask VA to waive this requirement for a particular case or in a particular area, based on a written opinion from their legal counsel regarding a legal conflict or other serious concern.

With the above assistance, the fee appraiser must gain access to the interior of the dwelling unless either

- VA has approved a request to waive the lender/holder/servicer's responsibility as described above
- the property owner/occupant has permanently refused the appraiser's entry
- the appraiser considers access to present a legitimate hazard
- three or more attempts to call the telephone number(s) provided with the liquidation appraisal request have resulted in no access
- the appraiser has made three appointments to enter the dwelling, all of which have been broken
- the property is vacant and jurisdictional law prohibits the lender from gaining or assisting in gaining access to the property, or
- on a case-by-case basis, VA considers there to be other valid extenuating circumstances (such as, the owner's personal effects remain in a vacant property causing legitimate concern about exposure to litigation).

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11.13 Liquidation Appraisals, Continued

Interior Access (continued)	<p>If interior access cannot be gained, despite requesting assistance from the lender/servicer/holder, the appraiser</p> <ul style="list-style-type: none">• must document the appraisal report, or its addendum, with the dates, names and telephone numbers of all individuals contacted in attempting to gain access to the property and a brief description of the responses received• must make reasonable efforts to verify the interior conditions by the best available means (such as, through a listing service data source, property assessment records, interviews with neighbors or others knowledgeable about the property)• in the absence of factual information, must make reasonable assumptions about interior conditions as they relate to physical inadequacies or needed repairs (both VA Minimum Property Requirement-related and cosmetic) that impact value, and• may alter certification item 8 on the Uniform Residential Appraisal Report to reflect the fact that he/she was either denied entry or otherwise unable to gain access to the property.
Origination and Liquidation Similarities	<p>Except as noted below, liquidation appraisal requirements are the same as the origination appraisal requirements outlined in this Chapter.</p>
Approach to Liquidation Value	<p>Liquidation appraisals must be market value appraisals (that is, the price the property can command if exposed for sale in the open market, allowing a reasonable time to find a purchaser). A liquidation appraisal is not an appraisal of value under forced sale or foreclosure conditions.</p> <p>The fee appraiser's value estimate for all liquidation appraisals will be for the subject property in its "as is" condition.</p>

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11.13 Liquidation Appraisals, Continued

Selection of Comparables

Comparables must be the best available in the subject's market area, considering typical transactions and actions of typical buyers and sellers.

Comparables must not be restricted solely to those in a similar "as is" condition. A property in the immediate area but in a better condition than the subject may, with proper adjustments to the sales price, be a better indicator of value than a comparable in a similar condition but in a different area.

Repairs

The appraiser must provide a list of all repairs which are

- needed to make the property meet VA Minimum Property Requirements, and
Reference: See Chapter 12.
- cosmetic but affect the marketability of the property.

The repair list must show

- the estimated cost of each repair, and
 - any contributory value of each repair. In estimating contributory value, the fee appraiser must recognize that cost does not always equal value. In some cases, the real estate market only recognizes several individual repair items considered in the aggregate as contributing to value.
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Liquidation Addendum

Every liquidation appraisal must include an addendum.

References: See

- Section 11.08, and
 - Figure 1, *Liquidation Appraisal Addendum Example*.
-

Figure 1: Liquidation Appraisal Addendum Example

LIQUIDATION APPRAISAL ADDENDUM FOR CASE NO. _____

INTERIOR ENTERED? ____ (if unable to gain access, show at least three earnest attempts):

	<u>Date</u>	<u>Time</u>	<u>Phone</u>	<u>Contact</u>	<u>Comments</u>
1.	_____	_____	_____	_____	_____
2.	_____	_____	_____	_____	_____
3.	_____	_____	_____	_____	_____

PROPERTY VACANT OR OCCUPIED? _____ **PROPERTY SECURED?** _____

REPAIRS NEEDED? ____ (indicate emergency repairs with an asterisk by the number):

	<u>Description</u>	<u>VA MPR Violation?</u>	<u>Est. Cost</u>	<u>Est. Contributory Value</u>
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
		Totals	\$_____	\$_____

ANALYSIS OF LISTINGS AND OFFERS:

No. 1 - Sales Price (current and previous with dates of change) \$_____

Days on Market ____ Comparison with Subject _____

No. 2 - Sales Price (current and previous with dates of change) \$_____

Days on Market ____ Comparison with Subject _____

Continued on next page

Figure 1: Liquidation Appraisal Addendum Example, Continued

No. 3 - Sales Price (current and previous with dates of change) \$_____

Days on Market ____ Comparison with Subject _____

COMMENTS/CONTINUATIONS: _____

Additional Conditions and Certifications, 11-7
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